

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 693 - SB 807

March 2, 2009

SUMMARY OF BILL: Removes the restriction that military service be performed during the period between October 15, 1940 and May 7, 1975, in order to be credible in the Tennessee Consolidated Retirement System (TCRS) under the Peacetime Military Service provision of current law. Broadens the time period for active members or retired members who performed peacetime military service to establish retirement credit for such military service. The bill is optional to local governments.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$39,200/One-Time
\$353,000/Annual Amortized Cost**

**Increase Federal/Other Expenditures - \$5,400/One-Time
\$48,200 Annual Amortized Cost**

**Increase Local Expenditures – \$15,400/One-Time*
\$138,800/Annual Amortized Cost*
Exceeds \$100,000/Permissive**

Assumptions:

- Total lump sum liability of \$4,768,000 amortized over 20 years.
- Funding ratio for teacher cost at 60 percent state, 40 percent local education agencies.
- An amount of \$60,000 in one-time expenditures in administrative expenses for system programming changes and publications/communications changes.
- Permissive costs to local governments will occur if most entities authorize the provisions of the bill for local employees.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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